

Service Date: June 21, 1978

BEFORE THE DEPARTMENT OF PUBLIC SERVICE REGULATION  
MONTANA PUBLIC SERVICE COMMISSION

IN THE MATTER of the Application	)	DOCKET NO. 6583
of Montana-Dakota Utilities Co.	)	ORDER NO. 4420
for Authority to Decrease Natural	)	INTERIM ORDER
Gas Rates.	)	

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FINDINGS OF FACT

1. On May 25, 1978, Montana-Dakota Utilities Co. (MDU) filed its quarterly application for the quarter ended March 31, 1978, for authority to decrease natural gas rates to residential and commercial customers by .274 per Mcf at local sales base pressure, and to decrease natural gas rates to industrial customers by .294 per Mcf at 14.73 p.s.i.a. The application was accepted by the Commission May 30, 1978.

2. The Commission has determined in prior cases that a hearing confined to the single issue of the cost of purchased gas was appropriate. A responsible regulatory procedure is necessary to timely handle gas tracking applications resulting from: (1) quarterly adjustments to the wellhead price of purchased gas mandated by the Federal Energy Regulatory Commission; (2) the changing mix and volumes of the natural gas supply; and (3) the impending phased deregulation of natural gas prices by Congress.

3. The Commission in adopting a procedure to implement rates for changing purchased gas costs on a temporary basis, subject to rebate pending an opportunity for public hearing and a final decision, satisfies that requirement. This approach to the handling of actual purchased gas costs assures that the utility and the consumer will be fairly and timely treated --whether the

rate adjustment is an increase or a decrease. The opportunity for public hearing through a notice of proposed hearing meets the statutory requirements and assures that the Montana Consumer Counsel consultants and Commission Staff will examine the accuracy and legitimacy of the proposed gas costs. This procedure recognizes that the Commission is responsible to verify the appropriateness and accuracy of the alleged purchased gas costs, which is essentially an accounting matter. To the extent that the Commission determines that the purchase gas costs are actual and legitimate, those costs must be reflected in the rates to consumers in a timely fashion.

4. The computation of rates in this docket contains several inconsistencies with the Findings of Fact and the Order in Docket No. 6569. This situation exists due to the fact that the application in this docket was filed before the Order in Docket No. 6564 was issued. These inconsistencies shall be remedied in this Order and are as follows:

- a. The Federal Energy Regulatory Commission quarterly one cent escalation (which becomes effective the first day of each quarter) in the price of gas obtained from wells spudded in on or after January 1, 1975 was included only for the quarter of the application i.e. escalations for quarters after that to which the application applied were not allowed. This is consistent with the concept of allowing only the actual cost of purchased gas for the quarter to which the application applies. In the present docket (for the quarter ended March 31, 1978) the FERC quarterly

escalation effective for the quarter beginning April 1, 1978 has been imputed into the proposed rates.

- b. Amounts applied for in Docket 6564 were added to the base cost of gas. Amounts properly added to the base cost of gas should be amounts approved in Docket 6564.

	<u>Cost/Mcf</u>	
1. Cost of Purchased Gas - 1st Qtr. 1978	88.46604	
2. Base Cost	<u>57.50004</u>	
3. Increase over base Cost	30.96604	
4. Factor for Storage & Produced Gas	76.2284%	
5. Increase at 14.73 p.s.i.a. Industrial	23.60	4
6. Less Amount Received - Docket No. 6564	23.76	4
7. Decrease for this Order - Industrial	.16	4
8. Factor for Sales Delivery Pressure	91.9779%	
9. Increase at Sales Delivery Pressure - Residential and Commercial	21.71	4
10. Less Amount Received - Docket No. 6564	21.85	4
11. Decrease for this Order - Residential and Commercial	.14	4
5. The total amounts of decreased revenues are:		
Residential & Commercial		
13,262,089 Mcf at (.144) = (\$18,567.)		
Industrial		

7,677,433 Mcf at (.164) =	(\$12,284.)
Total	(\$30,851.)

#### CONCLUSIONS OF LAW

1. This Commission has authority, under R.C.M. 1947, Sec. 70-113, as amended, to grant a temporary increase pending hearing.

2. The decrease in operating revenues of \$30,851 temporarily approved herein appears to be justified on the facts presented to the Commission.

#### ORDER

1. Applicant shall file rate schedules effective upon Commission approval which will decrease residential and commercial rates by .144 per Mcf at local sales pressure and industrial rates by .164 per Mcf at 14.73 p.s.i.a.

2. This is a temporary order. The rates approved herein are subject to change upon issuance of a final order by the Commission.

DONE IN OPEN SESSION at a meeting of the Montana Public Service Commission held on the 19th day of June, 1978 by a vote of 4 - 0.

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GORDON E. BOLLINGER, Chairman  
Voting to Concur

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P. J. GILFEATHER, Commissioner

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THOMAS J. SCHNEIDER, Commissioner

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JAMES R. SHEA, Commissioner

ATTEST:

Madeline L. Cottrill  
Commission Secretary

(SEAL)

NOTE: You are entitled to judicial review of the final decision in this matter. If no Motion for Reconsideration is filed, judicial review may be obtained by filing a petition for review within thirty (30) days from the service of this order. If a Motion for Reconsideration is filed, a Commission order is final for purpose of appeal upon the entry of a ruling on that motion, or upon the passage of ten (10) days following the filing of that motion. cf. the Montana Administrative Procedure Act, esp. Sec. 82-4216, R.C.M. 1947; and Commission Rules of Practice and Procedure, esp. 38-2.2(64)-P2750, ARM.